

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-15 SP-02 SOE-02
OMB-01 DOE-11 /117 R

DRAFTED BY EXIMBANK:RALBRIGHT:ABA
APPROVED BY EB/ITP/EWT:HLCLARKE
EB/IFD/ODF - TPARKER (SUBS)
TREASURY - BPALMER
EB/ITP - WBARRACLOUGH
L/EUR - JCROOK (SUBS)
EUR/EE - GBOUTIN

-----081763 120740Z /13

R 110006Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY BUDAPEST

UNCLAS STATE 062879

E.O. 11652: N/A

TAGS: EEWT, HU

SUBJECT: EXIMBANK PROCEDURES

REF: BUDAPEST 697

1. U.S. TRADE AGREEMENT DELEGATION PROVIDED THE FOLLOWING
NON-PAPER TO HUNGARIAN DELEGATION FEBRUARY 28, WITH THE
UNDERSTANDING THAT IT IS NOT A PART OF THE TRADE AGREEMENT
AND DOES NOT CONSTITUTE A COMMITMENT BY THE U.S.

2. BEGIN TEXT UNDER U.S. LAW, EXPORT-IMPORT BANK CAN
SUPPORT THE FINANCING OF U.S. EXPORTS TO HUNGARY ONLY AFTER
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THE PRESIDENT (1) EXTENDS A WAIVER UNDER SECTION 402 OF THE
TRADE ACT, AND (2) DETERMINES THAT SUCH EXIMBANK ACTIVITY
WOULD BE IN THE NATIONAL INTEREST. THE U.S. GOVERNMENT CAN
INITIATE THE NECESSARY STEPS ONCE THE NEGOTIATIONS FOR THE
TRADE AGREEMENT HAVE BEEN CONCLUDED.

EXIMBANK MUST ALSO NEGOTIATE A PROCEDURAL AGREEMENT WITH

APPROPRIATE AUTHORITIES IN HUNGARY. THIS AGREEMENT CAN BE EXPECTED TO SPECIFY, INTER ALIA: (1) THE EXIMBANK PROGRAMS AVAILABLE TO OPERATE IN HUNGARY; (2) THE ENTITY OR ENTITIES WITHIN HUNGARY WHICH WILL BE AUTHORIZED TO APPLY FOR AND RECEIVE EXIMBANK CREDITS OR BE AUTHORIZED TO GUARANTEE

REPAYMENT OF FINANCING SUPPORTED BY EXIMBANK INSURANCE OR GUARANTEES; (3) THAT THE GOVERNMENT OF HUNGARY WILL GUARANTEE ALL HUNGARIAN OBLIGATIONS; (4) THE CHANNELS OF COMMUNICATION WHICH WILL BE EMPLOYED BETWEEN THE EXIMBANK AND THE HUNGARIAN ENTITIES; (5) THE TYPES OF INFORMATION WHICH EXIMBANK GENERALLY WILL REQUIRE.

TO COMPLY WITH ITS LEGISLATIVE CHARTER, EXIMBANK REQUIRES ECONOMIC AND FINANCIAL INFORMATION SUFFICIENT FOR AN EVALUATION OF THE CREDITWORTHINESS OF EACH COUNTRY FOR WHICH ITS PROGRAMS ARE AVAILABLE. CONSEQUENTLY EXIMBANK WILL NEED TO RECEIVE FROM HUNGARY REGULAR AND SYSTEMATIC SUBMISSION OF TIMELY INFORMATION OF THREE BASIC TYPES: DOMESTIC ECONOMIC STATISTICS; TABLES SETTING FORTH THE BALANCE OF PAYMENTS BY MAJOR CATEGORIES IN THE TRADE ACCOUNT, CURRENT ACCOUNT AND CAPITAL ACCOUNT; AND EXTERNAL LIABILITIES AND ASSETS, INCLUDING CONVERTIBLE CURRENCY RESERVES, DEBT IDENTIFIED BY SHORT, MEDIUM, AND LONG TERM, AND DEBT AMORTIZATION PROFILE FOR THE NEXT FIVE YEARS. THE BALANCE OF PAYMENTS AND EXTERNAL LIABILITIES AND ASSETS UNCLASSIFIED

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DATA SHOULD BE PRESENTED SEPARATELY FOR CONVERTIBLE AND NON-CONVERTIBLE CURRENCY AREAS. THE CONTENT, FORM AND TIMING FOR THESE SUBMISSIONS WILL BE AGREED IN ADVANCE BETWEEN HUNGARY AND EXIMBANK. END TEXT

3. AKAR AND SOLTESZ MET WITH EXIMBANK OFFICIALS GLICK AND ALBRIGHT ON MARCH 3 TO DISCUSS EXIM PROCEDURES. MEMCON BEING POUCHED TO EMBASSY. VANCE

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